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Indigenous Peoples Strengthen Engagement with Investors

In April 2016, a delegation of leaders from the [Coordinator of Indigenous Organizations of the Amazon Basin](#), which represents Amazonian communities in nine countries, met with the [Brazilian National Development Bank](#) to demand an end to financing projects that cause environmental damage to their territories. The discussion focused on hydroelectric dams, which many South American countries are promoting as a source of clean energy despite their devastating effects on Indigenous livelihoods.

Indigenous Peoples are becoming more attuned to the role of private and public finance in influencing development on their lands, thanks in part to First Peoples Worldwide's [Shareholder Advocacy Leadership Training](#) program. As a result, investors can expect to encounter more opportunities for engagement with Indigenous Peoples that will strengthen the accuracy and rigor of their ESG analysis.

Sources: [Hastings Tribute](#)

Canada Affirms UNDRIP

In May 2016, Canada announced unqualified support for the [UN Declaration on the Rights of Indigenous Peoples](#) during the Fifteenth Session of the [UN Permanent Forum on Indigenous Issues](#). The country plans to adopt and implement the declaration in accordance with its constitution as part of its path towards reconciliation with Indigenous Peoples. This marks a noteworthy shift from 2007 when Canada was one of four countries that voted against the

declaration. In 2010, the country endorsed the declaration, but maintained that it was aspirational and nonbinding.

This will raise legal and social expectations on companies to obtain Free, Prior and Informed Consent from Aboriginal communities. Companies that already aligned their policies and practices with international standards-even when the government did not require them to do so-will be best positioned to make the transition from consultation to consent.

Sources: [CBC](#)

The Importance of Transparency

In May 2016, seven out of twelve councilmembers representing the Wangan and Jagalingou Peoples voted to approve an Indigenous Land Use Agreement (ILUA) authorizing [Adani](#) to develop one of Australia's largest coal mines on their territories. The five councilmembers who voted against the ILUA are calling it a "sham outcome" and threatening legal action. Until recently, the councilmembers appeared to be united in its opposition to the project.

An investigation by [The Guardian](#) revealed that the company made payments to the seven councilmembers who supported the project. The payments were relatively small (estimated at \$10,000) and designated as "sitting fees" for attending meetings and covering travel costs. Still, the fact that they were undisclosed has triggered a fight over the integrity of the decision and over who truly speaks for the community.

Money is frequently used a divisive tool. While companies may provide financial support to Indigenous Peoples for participating in the engagement process, funding only those who are sympathetic to their interests is likely to be seen as bribery or coercion.

Sources: [The Guardian](#), [The Guardian](#)

Development Debate in the Ring of Fire

The CEO of Noront Resources, the largest leaseholder in northern Ontario's Ring of Fire mining hotbed, is criticizing a Chinese firm's proposal to build a railroad through the remote area, when several First Nations do not have road access yet. He is arguing for roads to be prioritized over railroads, telling *The Globe and Mail*, "let's start modestly. Let's get this infrastructure in place where there's a social benefit and an industrial benefit."

The Ring of Fire remains a focal point of Canada's resource future despite the slump in commodity prices. Ontario has pledged \$1 billion to develop the region, and has asked the federal government to match that amount. It is imperative that First Nations are at the front and center of the debate over how these funds are spent.

Sources: [The Globe and Mail](#)

Indigenous Rights is Good for Business

In May 2016, the [Canadian Association of Petroleum Producers](#) (CAPP), which represents Canada's oil and gas industry, announced support for a recent Supreme Court ruling that recognized Métis and non-status Indigenous Peoples as "Indians" under the Canadian Constitution, thus granting them the same legal protections as First Nations. A CAPP spokesperson said the ruling has a positive impact because it clarifies the government's responsibility to consult these communities regarding energy projects on or near their lands.

Conventional thinking frequently places Indigenous rights and economic development on opposite sides of the coin, but a growing pool of data and research indicates that this is not the case. For example, First Peoples Worldwide's Indigenous Rights Risk Report found a strong correlation between Country Risk and corporate risk. Forward thinking companies and industries should be proactive about vocalizing how stronger legal protections for Indigenous rights create more certainty and stability for business.

Sources: [Bloomberg](#)

World Bank's Cancellation of Funding Spurs Reform

The [Uganda National Roads Authority](#) is vowing to make changes after the [World Bank](#) cancelled funding to the agency due to social and environmental concerns, including allegations of sexual misconduct by contractors. The Executive Director announced that "going forward, every road project will have a grievance committee, a community education program, a social safeguard committee, and an environment committee composed of not only us, but also the community members." The agency is also restructuring itself to reduce dependency on contractors, whose behavior is more difficult to monitor.

It is too early to tell whether these commitments have teeth, but they demonstrate the importance of the Bank upholding its [Safeguards](#). Not only do they shield the Bank from financial and reputational risk, they can also trigger positive changes from potential lenders with poor performance.

Sources: [New Vision](#)